

**BOARD OF TRUSTEES
SOUTH DAKOTA RETIREMENT SYSTEM
MINUTES OF PUBLIC HEARING**

The South Dakota Retirement System Board of Trustees convened at 9:00 a.m. CDT on Thursday, June 4, 2015, in the meeting room at The View Thirty-four, 4251 E. Highway 34, Pierre, South Dakota. The rules' hearing was convened by Board of Trustees Chair Elmer Brinkman at 9:51 a.m. CDT on that date.

The purpose of the hearing was to conduct a formal public hearing on the following:

South Dakota Retirement System Board of Trustees' proposed rules §§ 62:03:01:01, 62:03:05:01, and 62:03:07:01 to 62:03:07:07, inclusive.

The Board of Trustees' authority to promulgate the rules lies pursuant to SDCL 3-13-54 and SDCL 3-13-56.

The hearing was conducted by Chair Brinkman. SDRS General Counsel Jacque Storm was the presenting official on behalf of the SDRS staff.

Trustees in attendance: Karl Alberts, Elmer Brinkman, Matt Clark (ex-officio), Jason Dilges, Jilena Faith, Laurie Gustafson, Dr. James O. Hansen, James Johns, Louise Loban, Bonnie Mehlbrech, David Merrill, Kathy K.J. Peterson, Eric Stroeder, and Justice Steven L. Zinter.

Others in attendance: A complete list of individuals in attendance for the general Board of Trustees meeting is available at the office of the South Dakota Retirement System. All in attendance for the general meeting attended the rules hearing.

Proceedings

Chair Brinkman asked Storm for any preliminary remarks. Storm outlined for the record certain rules promulgation details, including dates of service, dates of publication of notice, the fact that no individuals or organizations have requested advance notice of SDRS rules hearings, the fact that three individuals/entities requested a copy of the proposed rules, and the fact that SDRS had received no written testimony for the hearing or requests from individuals to testify in person. Storm signed the required affidavit regarding notice and interested parties on May 20. Storm noted that the proposed rules distributed to the board members were revised per edits from the Legislative Research Council.

Commentary and Action

Storm stated that the majority of the rules relate to automatic escalation for automatic enrollees of the deferred compensation plan, which was authorized by House Bill 1011 of the last Legislative Session. There are two additional rules amended by the proposed

rules, one relating to definitions and the other relating to distributions. The latter rule added another condition for distributing deferred compensation funds, specifically if called to perform qualified military service for a period in excess of 30 days.

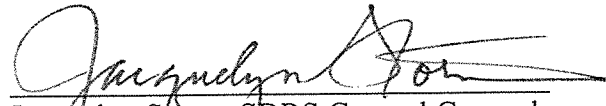
The remaining rules related to automatic escalation, which has been incorporated in the automatic enrollment chapter. Automatic escalation means that each year beginning in 2016 the automatic deferral will increase by an additional \$10 each month for automatic enrollees employed by employers electing automatic escalation. However, escalation will not occur unless at least one year has passed since the enrollee's hire date and the enrollee has not opted out or deferred to zero. The enrollee may defer a greater or lesser amount than \$10 or opt out. The rules also include notice requirements for auto enrollees in both automatic enrollment and automatic escalation.

For the record, Brinkman asked if anyone appeared to testify either for or against any of the proposed rules. No one came forward.

It was moved by Alberts, seconded by Gustafson, to adopt the rules as presented, including the edits from the Legislative Research Council. The motion passed unanimously by voice vote.

There being no further business as part of the hearing, Chair Brinkman adjourned the hearing at 10:23 a.m.

Respectfully submitted,



Jacquelyn Storm, SDRS General Counsel